

For the Second Time This Year

## SAIGON WORKERS CALL A GENERAL STRIKE

**70,000** workers of 124 TU organizations in Saigon went on strike on June 25, 1970 for an indefinite period, Western sources said. They were supported by 40,000 non-Trade Unionist hands, Buddhists of An Quang Sect, Saigonese students and pupils and war invalids. This was the second time since early 1970 the Saigonese workers walked out.

At the origin of their action was the May 28, 1970 strike of dockers of Thu Duc depot in protest against American bosses' unjustifiable sacking of 283 workers there and cutting down of the wages of others by 30 to 70 per cent. On June 9 the dockers of Saigon port staged a 24-hour sympathetic stoppage. On June 15, 60,000 workers again downed tools as a warning to the American bosses and their henchmen. But they remained stubborn and did not meet the legitimate claims of the strikers, which gave rise to the current general strike.

It is to be recalled that the first general strike, involving 70,000 workmen from 18 Saigonese TU organizations erupted on January 7, 1970 in Saigon in support for the bus drivers' protest action.

As to the dockers of Thu Duc US depot, in early 1970 they already struck for annual holiday benefits and bonus worth a month salary as stipulated in their contracts (February 19, 1970). After their claim had been satisfied, they again stopped work to protest against their US bosses' demeritizing behaviour (February 23, 1970) and against the jailing of three workers who had taken part in the February 19 strike (March 4, 1970).

Labour unrest in South Viet Nam cities has been gaining momentum during the recent months: bus drivers forced the puppet authorities to award the contract for the exploitation of their company to the highest bidder and rehire all the workers (February 2); stevedores in Khanh Hoi sugar stores compelled the managers of the Viet Nam Sugar Company to abolish the overwork system (February 23); workers of the Pacific firm compelled its owners to make public apologies for their arrogance (February 23); workers of Esso oil firm

obtained a basic wage-lift of from 6 to 11 per cent (March 1); and those of the RMR - BRJ firm a pay rise and a change in the time-table (March 27).

One of the direct causes of this effectiveness was the workers' worsening living conditions due to the skyrocketing living cost. The Saigonese newspaper *Chinh Luan* (Just Opinion), in its issues of March 11, 15 and 16, pointed out that 90 per cent of products and consumer goods were imported or given as aid. The June 15, 1970 issue of *Newsweek* wrote that though the official rate of exchange of the piastre to the dollar is 18 to one, on the free market it is 420 to one, therefore the cost of living rises up to 7 and 10 per cent per month. The *Balti-mor Sun* on June 11, 1970 revealed that from early January to last May the living cost was 30 per cent higher compared with last year.

By the end of 1969, the "austerity" tax of the puppet administration (enforced on October 23, 1969) made things more difficult for the workers and other urban poor people. This year, the puppet authorities admitted that the deficit of their budget ran to 80 billion piastres. In order to fill this gap they recently submitted to the Saigon "Parliament" a law which would give Thieu full powers to tackle with economic problems for the next five months. For the masses in South Viet Nam things are going from bad to worse with every passing day.

In addition to the above-mentioned economic causes, the political atmosphere also stirs up the militancy of the workers. There have appeared in the urban people's movement many slogans against US aggression - the source of every calamity which befalls them - such as "Yankee, go home!", "Governor General Bunker, go home!", "Vietnamization means war prolongation."

The backing given the bus drivers' general strike by Buddhists, students and invalids was an unmistakable token of solidarity between all strata of South Vietnamese cities and towns in a joint effort for their legitimate economic and political claims and the fundamental rights of the whole nation.

## U.S. Economy

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## From Inflation to Recession

In March last, members of the US Congress Joint Economic Committee already warned that a difficult year lay ahead of US economy; the Government should work out drastic programmes in case the anti-inflation policy continued to entail unemployment and recession.

US President K. Nixon,

in his June 17 televised speech, admitted that "the momentum of four years of inflation was stronger than had been anticipated" and that "the effect on unemployment is greater than we foresaw."

Galloping inflation and recession are US present headaches.

### INFLATION, "U.S. GREATEST SCOURGE"

SINCE 1965, prices in the US have been spiralling. Consumer prices rose at an average rate of 1.3 per cent annually from 1960 to 1965, then 3.5% in 1966, 4% in 1967, close to 5% in 1968, and over 6% in 1969. In the first months of 1970, the rate of increase has not slowed down, but continued its climb. In April, living costs shot up again to the annual rate of 7.2% (Renter, May 30, 1970). The trend of wholesale prices remained roughly the same, though more irregular. It should be recalled that a simple increase of 1% in living costs already means a loss

of about 5-6 billion dollar for American consumers.

Price indices show that in the last 2 years, cigarettes have increased by 11%, eggs 24%, recreation 18%, and medical care 28%. Compared with 1959, the purchasing power of the dollar on the home market fell to 46.9 cents in 1969, then 44.1 cents in 1965 and 37.9 cents in June 1969. If the present inflation trend is maintained, the buying power of the dollar will be worth no more than 36 cents in 1970. On the whole, the dollar is depreciated at an annual rate of 7% (Renter, June 18, 1970).

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## Repression - U.S. Fundamental Policy in South Viet Nam

(See article on page-2)

Saigon students' meeting in protest against US-puppets' policy of repression and Saigon-Phnom Penh collusion in the massacre of Vietnamese residents in Cambodia.



## U.S. Neo-Colonialism in South Viet Nam

# Repression — a Fundamental Policy

SOUTH Viet Nam must have a strong government backed up by police and security forces efficient enough to eliminate the factors of agitation," declared John Foster Dulles, US State Secretary, before the Senate on November 11, 1954.

Speaking on June 1st, 1956 at a meeting of the American Friends of Viet Nam Association, W.S. Robertson, Under-Secretary of State for Far East, was even more explicit. "Our efforts," he said, "are directed first of all toward helping to sustain

the internal security forces of a regular army of about 20,000 men, a mobile civil guard of some 45,000 men and local defence which are being formed to give protection against subversion at the village level."

Right from the outset, Washington was in the political level. They were of no great use. What they needed in the first place was a machine of repression.

Let us have a look into the mechanism and workings of this machine.

### A MASSIVE MACHINE OF REPRESSION

#### 1. The Regular Army and the Forces of Police

Under the supervision of the American missions MAAG and NSUAG, the Saigon government began to build up sizeable regular army and police force.

The regular army constitutes the cornerstone of the regime. It has swelled up rapidly since February 1955 when Pentagon took charge of its organization, equipment and training.

The *Times of Viet Nam* published in Saigon wrote on March 1st, 1955:

"Until 1953, the Vietnamese troops, auxiliary to the French army, were no larger than battalions. By 1956, the total strength of 150,000 men was made of a combat element of infantry divisions, paratroopers and marines. At the present time, the recent reorganization of two army corps has turned the Army of the Republic of Viet Nam into a modern army, capable of responding to the necessities of modern warfare."

This modern warfare was launched first against the people of South Viet Nam. For this regular army was assigned by the Saigon government and its US masters the task of quelling the popular movements, conducting "mapping-up" operations in the former bases of resistance of the Vietnamese people, paving the way for the repression of the former resistance members and finally undertaking the "march to the North," when all opposition had been wiped out in South Viet Nam.

Several US generals were posted to this Ministry of Defence and the General Staff of the Saigon army. The Saigon units from battalion level and later from company level upward have their group of Yankee "advisers."

The "civil guard" (*ban an*) set up on April 10, 1955, constitutes the regular armed forces of the provinces and districts.

The police and security forces (*canh sat*, an *an*) play the role of the police in the repression of the popular movements, of all of the town population.

The militia (*dan ve*) are, in principle, a para-military force, but organized, equipped and paid by the Saigon administration. They operate at the village level. On orders from Ngo Dinh Diem, they were integrated into the "civil guard" on November 22, 1956.

Civil guard, police and security forces and militia, all are charged with watching over the local population. They co-ordinate their actions with the regular army whenever the latter conducts an operation in their localities.

#### 2. Para-Military and Political Organizations

The "civic action" teams (*cong dat*) are organized under Ngo Dinh Diem have been replaced since his death by the "rural development" teams.

The latter, like their predecessor, are armed to the teeth. They are sent to the villages where they go down to each hamlet. They are given carte blanche to arrest people and make them stay through torture. The task of these teams is to "awaken" the villages of "subversive elements." In a word, together with the armed forces, the rural development teams assume the "pacification" job. For appearance's sake, they are entrusted some social actions to "win the hearts and minds" of the people for which they show, in fact, little zeal.

The "Republican youth" and Catholic youth are chiefly entrusted with gathering intelligence.

They keep watch over the least movement of the people and constitute a real spiderweb of agents planted in villages, hamlets, town quarters, streets and even each home. Through intimidation they force the observance of administrative measures. Without being the principal instrument, they nevertheless help to make the people feel all the weight of the repressive machine of the Saigon rule.

The *Can Lao Nhan Vi* (Party of Labour and Personalism) supervised all these armed and para-military organizations. Its members who were real SS men in service of Ngo Dinh Diem and his brother Ngo Dinh Nhu, acted as nucleus in all important organs of the Diemist regime.

This police network which has not ceased to grow, has practically spread to the whole of South Viet Nam. In conjunction with the regular army, it enables the Saigon administration to control the people from the towns down to the smallest hamlets.

#### 3. A Fascist Legislation and Regime

The Saigon police has always a free hand in arresting and torturing people. However, to put a figleaf of legality on its brutality, the regime has promulgated a legislation to give them legal grounds.

Ordinance No 6 dated January 21, 1956 authorized the police to put a jail sentence on "subversive" camps for an indefinite period and by simple administrative measures any individual judged dangerous to national security and public order.

The highest peak of this legislation was undoubtedly the law 16/50 promulgated on May 6, 1950. Article 1 of this law provides for punishment of anyone who commits or attempts (Italics are ours) — E.T. to commit one of the offences listed in the law with a view either to sabotage or infringement on State security, etc.

Special military tribunals were set up to enforce this law. Deprivation of preliminary investigation, trial within three days after arrest, the defendants being advised only twenty-four hours before the hearing, in camera hearings and non-publicity of the verdict, sentences immediately executable and non-appealability, such are the overriding powers of these tribunals. Punishments are simplified to the extreme: there are only death penalty and hard labour for life. No extenuating circumstance is valid for the principals in the first and second degrees, and instigators.

For intimidatory purposes, the special military tribunals brought along guillotines everywhere they went.

However, with the arrival of the US expeditionary corps, it became more and more difficult to camouflage neo-colonialism and consequently repression became more and more ferocious. This fascist legislation no longer was applicable.

An ordinance decreed on June 24, 1956 proclaimed the status of war throughout South Viet Nam territory. A law, known as law 10/58 of November 5, 1956, was enacted to complete the said ordinance. It simply banned all strikes, demonstrations and gatherings, the keeping and distribution of any printed matters, documents and leaflets likely to harm public order. It authorized house search by day and by night and the imposition of house arrest on any individual judged dangerous to national security, the control and restriction on movement of the population, control over the distribution of food, etc.

Field military tribunals are empowered to try all infringements of public order and national security. Emergency proceedings are routine practice.

For a population of about 17 million, South Viet Nam has more than a thousand jails and concentration camps. 400,000 people detained here have been subjected to the regime of white terror, documents and the press of the US have from time to time denounced the atrocities.

At the January 3, 1958 session of the Saigon "National Assembly," deputy Tran Ngoc Ban gave the

following details:

"1) 112 million plaques (South Viet Nam currency) for the prisons, 6 million for the Hue University."

"2) 150 detainees kept in rooms totalling 54 square metres, or every square metre for three. The detainees cannot even stretch themselves. They eat, sleep and relieve themselves in the same room."

"3) Many detainees stay 18 months in prison without trial. For Quang Ngai province which I represent, the small provincial penitentiary is keeping 2,000 people."

The US Commission Inquiry into Religious and Political Freedom in Viet Nam in a report has related the following after a visit to the women's prison of Thu Duc (Saigon), which was evidently arranged beforehand:

"The cells and large prison rooms were overcrowded. This was especially hard on nursing mothers and those with small children. Fifty women, some with babies, lived in a crude building 40' by 30'. Sanitation was primitive and inadequate. There was evidence that some prisoners had not received needed medical attention. Team members were especially concerned about the large number of prisoners who had not been sentenced after many months of detention, the looseness and inaccuracy of prisoner classification, the inhumanity of some sentences and the extreme youthfulness of many of the inmates. Governor Minh told the Team that there were fifty children from birth to 18 years of age in prison and forty young offenders from 13 to 17 years."

Tortures are daily practice in the prisons and interrogation centres. There, the torturers combine, with a sadistic pleasure, the medieval methods with the refinements of the latest findings of American psychoanalysis. UPI on April 20, 1970 reported the declarations made at a press conference by Saigon students on the tortures inflicted on them:

"Que Huong, a teacher, one of the four girls among 21 persons brought to trial before the military court, said she and the other three girls were tortured with electric shocks in their cars. Two had lighted cigarettes placed against their sex. Huong said her husband was forced to watch her tortured and then she was forced to watch as her husband was beaten."

"Another witness, Luu Hoang Thao, who was carried into the courtroom by four other students, said he had been beaten on the knees for three days and could hardly walk. Thao said he had electric shocks applied to his ears and genitals."

### METHODS OF REPRESSION

#### 1. From 1954 to 1960

In its early days the US-Diemist regime did its best to stamp out all forces of opposition, and resorted to terror to bring the population to their knees.

Peaceful demonstrations to acclaim the Geneva Agreements and demand their strict application were drowned in blood.

The population was classed into three categories: "anti-legal," "semi-legal" and "legal." The first were former militants of the resistance against the French colonialists (1945-54) and those who asked for peace and reunification of the country in conformity with the Geneva Agreements. "Semi-legal" were blood relations of the former. Everything was permissible against these two categories of citizens, from arbitrary arrests to physical liquidation. A campaign was launched to compel these persons whose husbands had regrouped in the North to ask for a divorce. Likewise, parents whose children had regrouped in the North must repudiate them. After wiping out the armed forces of the Binh Xuyen and the Cao Dai and Hoa Hoi religious sects, the Saigon administration launched a noisy campaign

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the capital, one crosses the Black River at the Jade Landing Stage to take the inter-provincial Road No 24, a metalled one dotted with reinforced concrete bridges which was built by one of the first batches of students and played a decisive role in the history of the school. It winds through a landscape of verdant hills grown with cassava, abracas, pen-out covered with pastures, with here and there a sputtering tractor, a group of smart young mountaineers handling hoes or spades, some buffalo boys holding bows in their hands: one arrives at the school.

"It was opened to meet the needs of a socialist revolution in our province," explained deputy-headmaster Nguyen Van

for the army at the front, especially during the long Dien Bien Phu campaign.

So the provincial Youth Committee signed with the Public Works Service several contracts to repair roads and enlisted students to do the job while learning. The classes were moved near the work sites. In the end, the fourth batch of students managed to build a new road — the above-mentioned inter-provincial No 24 — and to gather a capital of 320,000 dollars which enabled the school to settle down in farming. With their own hands, teachers and students reclaimed land, built classrooms, clubs, and living quarters, made furniture and school equipment. In brief,

having only three hours for study: two for class and one for learning."

The smooth functioning of the enterprise has had good effects not only on the economic plane, but also on the pedagogical one. The teachers, who are producers of material goods like their pupils, have been attaching particular importance to the application of theoretical knowledge, chiefly biology, chemistry, physics and agricultural technique. The point is to square theory with practice. Seen from another angle, manual activities combined with the intellectual ones, far from interfering with the latter, constitute a healthy change which is complementary to them. In addition, collective

degree and eight for the 3rd degree. In giving the greatest facilities to all, we particularly see to the progress of the weak pupils, who have to be given extra help. Three or four months before the exams, the future candidates are exempted from production work to address themselves to study. The quality of our teaching can be gauged by the percentage of pupils who pass the tests which runs to between 90 and 100."

Over 3,000 youths — belonging to eight ethnic groups — that is nearly one per cent of the Hoa Binh population, have graduated from this Socialist Labour School. Among them 1,750 have got jobs in agricultural

"Pupils" going to "school"

### An Original Pedagogic Experience

# A School - Cooperative in Hoa Binh

THE Hoa Binh Youth Socialist Labour School is the first of its kind in the Democratic Republic of Viet Nam. There 700 youths, male and female, from 8 ethnic groups in the Hoa Binh mountains are taught primary and secondary education while running a farm of 150 hectares equipped with a rice-mill, a distillery and a generator.

They work full time: four hours of labour, four hours of class and three hours of individual study: their curriculum includes all the subjects of general education coupled with an elementary course of agricultural technique and a political course for grass-root cadres of Labour Youth; it is aimed at training young labourers, keen on science and technique, ideologically well prepared and able managers, who will return to their native places to give push to socialist revolution among the country folks.

Founded twelve years ago on the initiative of some of the local youth organizations without the assistance of any experienced school-master, this moving school had to stand countless tests to settle down and establish its position. Now it has brought to fruition its original method which combines study with work, so far the most suitable to a still underdeveloped country and perhaps the most efficient from the practical point of view. At the same time it has proved the excellence of its organization, each of its classes is also a production brigade, a self-defence section and a Labour Youth cell, while each main teacher is also a political leader.

It is also a responsible for all activities of his class study, production of material wealth, participation in national defence and politico-ideological schooling. The results have been enlightening. Much talked about for years, this polyvalent school has drawn a great number of native and foreign visitors from such countries as the Soviet Union, China, Korea, Germany, the Soviet Union, France, the United States.

FROM Hanoi, one follows Highway No 6. At sixty kilometres off

Trong, a 47-year-old *Maung* founder, But one has to trace back its origins to the anti-French resistance.

In 1938, the three-year plan of post-war economic restoration had just been fulfilled and agricultural cooperation began. The provincial youth committee, of which Mr. Nguyen Van Trong was under-secretary, set itself the task of mobilizing the young mountaineers for this decisive drive.

To build socialism in the delta was already a difficult job, in this mountainous area where various ethnic groups still lived in a pre-feudal society, the difficulties seemed insuperable. Here the vast majority was still illiterate. How to advance to socialism without a minimum of general instruction, social and technical knowledge? The committee then planned to set up a school for youths. Unfortunately, there was no money for it since the State was still poor. At last the youth cadres decided to apply a piece of experience from the time of the anti-French resistance. At that time they had run literacy courses for army carriers who were bringing supplies

they made everything here, from the hen-coops, pigsties, cow-sheds up to the electric station, rice-mill and distillery which were eventually built. The tilling, at first manual, has begun to be mechanized with the purchase of three tractors. The transport is no longer done on human backs but on two lorries, a motor-bus, a junk and carts. Now the Hoa Binh school-cooperative has seven million dollars in its coffers, more than twenty times its initial funds.

"We can supply food," Mr. Nguyen Van Trong went on, "and part of clothing to the pupils and cover all their school expenses. Each year, at the Tet traditional festival which is a great occasion for mountaineers, we make a school-made present of a kilogram of vermicelli, a bottle of manioc alcohol and a litre of fish sauce to their family. The point is to get satisfactory productivity in order to reduce the production time to a half day, which makes it possible to devote the other half to class and the whole evening to individual study. The first batches did not produce anything by this arrangement; they worked eight hours per day on the construction yards,

life under socialism creates a social environment favourable to the assimilation of new ideas, helps grasp the essence of social sciences, chiefly history and politics, contributing to the ideological formation in a decisive manner. At last, thanks to a rational organization of study, the teachers' patience and the pupils' determination animated by a spirit of mutual aid among the pupils, the latter have improved their knowledge.

As for the standard of the "pupils-kolkhoizans," the exams have proved this. One can and must make their progress rapidly with an appropriate method. We have reduced our school-term to four months and a half for the 1st degree, six for the 2nd

cooperatives, local offices of the Workers' Party and the Labour Youth, and in various educational, sanitary and administrative services, 157 have joined the People's Army, 354 have gone up to high schools and secondary vocational schools at home, and 10 are doing post-graduate study in the Soviet Union, German Democratic Republic, Rumania, etc. Encouraged by these substantial successes, the directors of the school are contemplating expanding it beyond the framework of a secondary school; it will be equipped with a department of higher technical study, an embryonic engineers' school where the pupils will also work while they learn. This bold project has been approved by the provincial authorities and the Ministry of Higher Education.

Hoa Binh has blazed the trail for the other mountainous provinces. At present, there are in the DRVN 115 such schools, of smaller size, which are operating on the same principles and pattern.

VU CAN

# MILITARY SITUATION IN LAOS

- Waterways
- State frontiers
- Provincial roads
- Railway lines
- Lao patriotic forces' attacks
- Adverse commando units wipe d out
- US bases in Thailand

Army together with guerillas and regional troops swung into action in all battlefields; they gave a drubbing to the puppet troops and Thai mercenaries sent in to reinforce the Long Cheng base, raided enemy posts in various

With their successes in the dry season the Lao people and armed forces have foiled the new US war formula, namely "native troops + US advisers and firepower," which is an application of the Nixon doctrine in the military field.

As for the bandits, including 130 military personnel wearing Lao uniforms who joined their command, they were under tight control and driven into a position which they had to hold at all costs for their own survival. Therefore they had built here a rather sophisticated defence system. There was a turban-like network of combat trenches covering the whole mountain top. The trenches were supplied with enough food to protect the troops against steel pellet bombs to be dropped by U.S.

NOK K  
*Liber*

In the dark night, company leader Thao Vot crept from one combat position to another, pin-pointing the targets to every gunner and the direction of the assault to every fighting man. He noticed that his men's faces looked

"Things are as sure as fate, aren't they!"

The company leader was very pleased to see that his men, all without exception, were eager to make sure of their position in the trench, and to stand firm in the arm, but refused to leave the perimeter. He insisted on joining the attack.

As soon as the signal shot went up, tearing the darkness with its glare, the attackers suddenly emerged from the trench, and with a shout they crossed the fences and swiftly gained the combat trenches. As they rushed along the trenches, the line of the front was broken. The smoke of the gas got wounded but stayed on to direct the fight. He was hit for the second time and only with a gas mask on his face could he leave the fire line for a bandage, did he agree to hand over the command to the sergeant who was heading the main thrust of the battle.

Soon enemy guns from Hill A fell silent. From Hill B, guns kept spitting orange flames into the night. The surviving enemy troops fell back to this spot and offered tough resistance.

Fighting raged on until dawn. Members of Unit X were still unable to inch forward. A deadly hail of fragments of iron from bombs and shells cut the lane between A and B positions only several hundred metres apart. Kham Dich reminded his men to live up to their pledge that they would hold the ground to the last man. Following a succession of bomb and shell explosions, which left a smoke

screen that dimmed out the glare of the flares, the bandits, like wild boars, wriggled forward, their guns spitting out flashes of fire. For some time, the tactics were roughly the same. Acting upon Kham Dich's orders, the patriots waited until the bandits came in close, then simultaneously cut them down with "steel guavas" seized from the enemy. The blasts sent the bandits some up in the air, others somersaulted

ing. Hoarse cries of fright rose in the night. The survivors pulled back. In the third drive, Lao patriots, exploiting their break-through, "hung on to

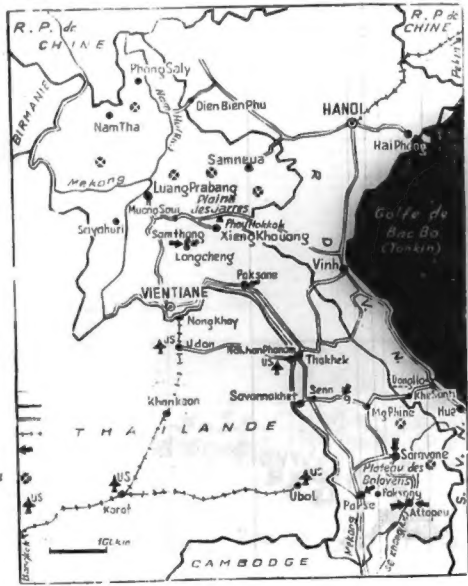
The enemy belts" and directed their thrust against B position. Anti-tank guns started barking. Green flames flashed out, thumping and crashing against the enemy blockhouses and firing pits. Silence gradually descended on the enemy lines.

Suddenly from Hill A, a string of explosions was heard. A detachment of bandits was re-deployed by their crafty commanders trying to take the patriot forces in rear.

But a 6-man team led by Han Cong

which held firm. A successful pursuit  
them back. In the 4th drive, Bun Co  
shouted "Ta-lum-bon!" (Charge)  
Many bandits died in individual comba  
bayoneted for the most part. Now the

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# From Inflation to Recession

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What are the causes of this state of things?

Everybody knows that inflation results above all from a huge budget deficit. In his State of the Union message early this year, R. Nixon acknowledged that in the past decade, the budget deficit totalled 57 billion dollars, figure again given in his June 17 televised speech. To make good this deficit, he said, "the American consumer was forced to pay the piper in terms of a rising spiral of prices."

But why such a deficit? It has its root in the escalation of the war of aggression in Viet Nam and in the parallel escalation of military spending.

From 49.6 billion dollars for the 1965 fiscal year, direct military expenditures went up to 81.3 billion in 1968-69. In the same period the federal budget deficit also increased to the record figure of 53.3 billion dollars in 1967-68, thus surpassing that recorded in the 3 years of the Korean war. Also in the same period, national debt was up by 14 % and the interests for this debt 43 %.

The war of aggression in Viet Nam, which has swallowed up at least 130 billion dollars according to official estimates covering the period up to the end of the 1969-70 fiscal year, is one of the main reasons of the excess of the expenditures over the revenues of the federal budget. Thus from many US economists and businessmen comes the confirmation of the cause-effect link between this war and inflation. For instance, Jenkin Lloyd Jones, President of the US Chamber of Commerce, said in his January 4, 1970 speech that the huge military spending occasioned by the Viet Nam war had led to inflation in the country. Moreover, R. Nixon himself, in his June 17 televised address, had to recognize, though in an indirect manner, this cause-effect relation when he declared that following the gradual and continued withdrawal of US troops from Viet Nam, he believed he could limit military outlay, and thus, in line with his financial and monetary policy, must in his opinion contribute to curbing inflation (UPI, June 18, 1970).

The huge military budgets are covered, among other things, by government loans and taxes. National debt went up from 320 billion dollars at the end of 1964 to 377.6 billion dollars by the end of October 1969. As for taxes the burden of which weights more and more heavily on the working masses, they have been on a constant rise and this, parallel to the price hike.

The tax cut in 1964 has been nullified by taxes for social security and the uninterrupted increase in local and State taxes. In addition, there have been since 1968 a 10 % federal tax surcharge and since January 1969 a new tax boost for social security. The high rates of inflation provided an excuse for Nixon to extend the 10 % tax surcharge until Jan. 1, 1970. Then having been brought down to 5 %, this tax has been

maintained until the end of the current fiscal year, that is, until June 30, 1970.

The tax surcharge, like any other indiscriminate fiscal measure, hard hits the workers who already have to bear a disproportionately large share of the burden. Tax for social security, State taxes and local taxes which continue their climb, affect above all low-wage workers. At the beginning of 1970, taxes absorbed on the whole nearly 37 % of the worker's earnings. As for big businesses, they continue to benefit from grants destined to cover depreciation charges and a 7 % reduction on reinvested profits, in short, to be given increasing tax evasion facilities, apart from fiscal exemptions. The new "tax reform," coming into force since the end of last year, far from removing the innumerable loop-holes whereby the rich can avoid paying taxes, has provided them with new fiscal advantages.

Tax increase has been conceived, wrongly, by US leaders as an anti-inflation measure. As anticipated, it has failed to put a brake on inflation while prices even continue their increase.

Another aspect of the anti-inflation battle: "credit squeeze." With the decline of the buying power resulting from increasingly heavy taxation, private demand cannot progress but by drawing on savings and a large recourse to credit. From 7.3 % of the net income in the first half of 1968, the savings rate fell to 6.6 % in the second half of the year, while consumer credit increased in this second half-year twice more rapidly than in the first half-year. Such a development of consumption naturally could not go on indefinitely. Hence the Federal Reserve Bank appears on the scene. A policy of brutal credit squeeze has been applied again. The discount rate has risen gradually to 6 % in April 1969. Furthermore, the security margin of bank accounts - in the banks of the Federal Reserve system - has been jacked up by 10.5 %, and this constitutes an even more radical measure to these and other similar measures, interest rates have risen rapidly. In June 1969, the interest rate on primary commercial borrowings attained 8.5 %, that of mortgage loans 9-10 %, and that of consumer credit 15-20 % - figures without precedent. On the whole, the rates of all these types of credit in 1969 were the highest in the past 40 years.

The tight-money policy, much vaunted as means to fight against inflation, however imposes no serious restriction as to loans granted to big businesses. The latter in fact have at their disposal the most varied resources and depends only to a small extent on bank loans.

On the other hand, small proprietors, small farmers and private consumers have more and more difficulties to obtain loans in view of the harsh monetary policy. The lifting of interest rates, under

the pretext of combating inflation, results in reality in higher prices of consumer goods, directly because of the rise in the interest rate of consumer credit, and indirectly by the fact that the industrialists are to it that the rise of interest rates is paid by the consumer. Thus, the policy of tight-money and tax-increases have not helped curb inflation, but contribute in no small measure to the price hike.

The anti-inflation measures applied by the US government, namely, tax-increases and restriction on credit, have proved ineffective, since the real cause of inflation - the hypertrophy of military spending - is left more or less intact.

What is more, the policy of the Nixon administration tends less to end inflation radically than to alleviate it.

In fact, inflation brings important advantages to the monopolies. Because what goes up first is the prices of their products, while wages are up only after some time and solely in proportion to the successes obtained by the workers in their struggle. Inflation is a means to

slash in a painless fashion wage increases, painless because it does not touch off a tumultuous resistance from the workers as it would in case wages were directly cut.

Difficulties crop up for the monopolies only when inflation goes beyond a certain limit and consequently gets out of control and entails in particular a drop in US exports which have become less competitive on the world market, an aggravation of the chronic deficit of the balance of payments and a weakening of the dollar as international currency.

In his June 17 televised speech, R. Nixon asserted that inflation would be brought to an end soon. But, as UPI put it, except the US President himself, few people believed it (UPI, June 17, 1970).

Because not only Nixon has no intention of ending the war of aggression in Viet Nam, he still seeks to extend it to the whole of Indochina. But, as already said, there would be no sensible attenuation of inflation unless an end is put to the war of aggression and military spending considerably reduced.

## RECESSION OR "SLOW-DOWN"

WHEREAS the measures taken by Nixon have up to now proved ineffective against inflation, they have exerted an influence, already felt, on economic activities as a whole and aggravated that of the cyclical factors conducive to recession (Nixon prefers speaking of a "slow-down").

The rate of increase in the real gross national product (GNP) fell in the third quarter of 1969 to 1.6 %, and the trend continues. From Aug.-Sept. 1969, industrial production began going downhill and the movement is on. The activity in the three key industrial sectors - automobile, steel and construction - shows a marked decline. In several branches, the order book shrinks sensibly. This state of things, along with the under-utilization of production capacities, can entail a reduction, more substantial than expected, in capital spending.

Another important fact: the slow but continued increase of the rate of full unemployment which, from Jan. to Aug. 1969, rose from 3.3 to 3.5 %, according to official statistics, to 4.1 % in Sept. 1969, constitutes a qualitative change showing, among other things, a generalized discontinuation, under the effect of recession, of the habit of keeping manpower surplus within certain limits.

In May, full unemployment already affected 3 % of the total labour force or 4.1 million persons, according to official statistics. According to Prof. Milton Friedman (University of Chicago), unemployment must reach 5 % (Wall Street Journal, Feb. 24, 1970).

It is the Black workers, whose unemployment rate has already been proportionally the highest, that suffer most. A survey from the US Labor Department covering the ghetto areas of 100 cities shows

that the general level of unemployment there was put at 5.7 % during the second quarter of 1969. But this year that of Black workers has climbed from 7.3 to 8 %, while that of White workers has dropped from 4.6 to 4 %.

According to economist Michael Evans, of the University of Pennsylvania, when unemployment hits the mark of 7 % in the whole country, it will be 5 % among the Afro-Americans in general, and 35 % among the Afro-Americans under 25.

Recession, coupled with the continued aggression in Indochina, can also be detected in a stock market slump. Stock prices show a sharp drop of 11 %, on April 20 last: that was, it is said, a record low since Nov. 1963 when J.F. Kennedy was assassinated. On May 26 last, the Stock Exchange recorded an abrupt fall again by the Dow Jones industrial indices. Following Nixon's June 17 televised speech, the New York Stock Exchange again closed on the minus side (AP, June 17, 1970). Democratic Senator Cranston has affirmed that the present recession is the worst in the US since 1957 (UPI, June 17, 1970).

Inflation, with all its consequences both domestic and foreign, recession and unemployment, all that spells out a rising state of instability in the US economy. At the root of all these troubles, among other factors, the Viet Nam war, now becoming the Indochina war.

Nixon's June 17 speech offered no radical remedy for the ailments suffered by the US economy chiefly because the US President is bent on pursuing his policy of war and aggression.

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